

American Ingenuity: Promoting Innovation Through the Tax Code

William Wydra, Jr.
218 Dell Rd. Hegins, PA 17938
bwydra@ash-tec.com
(717)503-5252

Thank you, Congressman Williams and Congresswoman Velazquez for the opportunity to testify on this important issue and how it impacts both small business and US manufacturing. Innovation has been and will continue to be the cornerstone of growth and competitive advantage for the United States in this global economy. History shows how our innovative business leaders have been a major catalyst for job growth and social prosperity. Promoting innovation through the tax code is not only important for economic growth, and job creation, it also makes life much more interesting and exciting with all of the new products and services that increase citizen safety, health and longevity, sustainable food and energy, living conditions and all those things that make us laugh and smile.

As an owner of several small businesses especially those in manufacturing, we already have so many obstacles for growth. It feels like we are often running up hill in quicksand – today's top challenges include a significant trade skills gap, general labor shortages, supply chain challenges, high interest rates and the looming uncertainty of recession to name a few. These challenges already limit our ability to confidently invest in our future and the future of our employees.

During the covid-recovery years, we have invested very heavily in employee talent development, including the creation of a CNC Training Academy that accelerates learning from machine operator to programmer in twelve months. We are very proud of this program and plan to expand it to our welding and fabrication division. We have several pending equipment investments that are priced, planned and ready to go. We are also actively exploring a sizable expansion onto one of our Pennsylvania factory locations and the purchase of another industrial property in the Cincinnati area to grow our roller-coaster business.

The proposed tax changes scheduled to go into effect regarding bonus depreciation and research and development tax credits will add one more significant mark for the negative column as we weigh these decisions and would most likely put a stop to these for several years or potentially permanently. Cash flow is always tight for most small businesses and this is particularly true of manufacturers who are much more capital intensive. These tax code changes put an increased burden on already limited cash flow in form of increased estimated quarterly and annual tax payments. This will limit our ability to support debt coverage for new building expansion and equipment investments and reduce available cash for hiring and further talent development programs.

These tax changes de-incentivize investment and innovation. I would encourage the permanent continuation of 100% bonus depreciation. Additionally, I support removing the requirement to capitalize R&D related expenses over 5 years. If nothing else, I suggest delaying the implementation of these program changes until we have a much healthier and predictable economy. This is just simply the wrong time to do this!

I understand the need to increase tax revenues to fund a healthy and productive government, but just do not think this is the way to do it. Growth of jobs, especially those in manufacturing have a significant multiplier effect on the economy which leads to higher payroll and income tax revenue as well as higher property tax revenue. I feel this "additive" approach is much more in-line with the American Way!

Respectfully submitted,

~William Wydra